REVERTEX LTD. & ANOR.

v.

SLIM RIVERTEX SDN. BHD. & ORS.

HIGH COURT MALAYA, KUALA LUMPUR
SITI NORMA YAAKOB J
[CODE NO. D2-22-1872-89]
17 NOVEMBER 1989

CIVIL PROCEDURE: *Initial request from plaintiff to Registrar of Companies to refuse defendant's registration of trade name - Whether sought to enforce any right - Rejected by Registrar - Whether can appeal to Court - Common law action of passing-off - No remedy provided in statute.*

TORT: *Passing off - Trade names - Whether deceived the public - Proof of fraudulent intention or actual deception not necessary - Goodwill and reputation - Whether word is descriptive or fanciful - Remedies for passing off.*

The plaintiffs, who had been trading under the trade name "Revertex" for 59 years, commenced a passing-off action against the defendants who were intending to trade under the business name of "Slim Rivertex Sdn. Bhd." The plaintiffs had earlier requested the Registrar of Companies (the ROC) to prevent the registration of the first defendant from including "Rivertex" as part of its corporate name. As a result of the ROC's rejection of their request, the plaintiffs applied for an interim injunction.

The defendants contend:

(i) firstly that the plaintiffs' only remedy was to appeal against the Registrar's order under s. 11(10) of the Companies Act (the Act); since they had not done so, they were barred from bringing the present suit and;

(ii) secondly that their choice of a trade name is only a descriptive one over which the plaintiffs cannot claim monopoly and further that since both parties do not trade in the same business, there would be no deceit or consfusion to the public.

Held:

[1] The plaintiffs had not sought to enforce any right before the Registrar of Companies and to that extent there is no dispute between them and the Registrar. As such they cannot be regarded as the aggrieved party to which s. 11(10) of the Companies Act is applicable. By writing to the ROC, the plaintiffs were doing nothing more than merely requesting him to deal with the matter amicably. The plaintiffs do not have any other remedy under any statute to empower the ROC to change his mind.

[2] The tort of passing-off of a trade name is an actionable wrong at common law and as such the plaintiffs have a cause of action at common law, to which the defendants cannot prevent them proceeding in the manner as they had done. The Court therefore has jurisdiction to entertain the plaintiff's application.

[3] In order to succeed in a passing-off action, it is not necessary for the plaintiffs to prove fraudulent intention on the part of the defendants. Nor do the plaintiffs need to show actual deception. A trade name will normally have attached to it a goodwill that the Courts will

protect. If a trade name suggests that the defendant's business is an extension, branch or another agency of or otherwise connected with the plaintiff's business, an injunction will be granted.

[4] The defendants' activities in the present case are identical to the plaintiffs' activities and that being so the slightest resemblance in the trade names of the parties may create the confusion that the plaintiffs now seek to prevent from happening.

[5] Except for the derivative "tex" which comes from "latex", the word "Revertex" in itself is not descriptive of anything. On the contrary, it must have been coined or invented by the plaintiffs and to that extent, it is a fanciful name which under the law the plaintiffs are entitled to protect and monopolise. Having traded under the name for 59 years, the plaintiffs have attained a goodwill and reputation which they have a right to protect. The test is whether in the choice of such a name resembling that of another existing entity, it will create the falsehood that the business of one is an extension or branch of another or that they are somewhat connected.

[6] Under the circumstances of the case, damages will not be an adequate remedy for the plaintiffs and the balance of convenience tilts in favour of the plaintiffs being granted the interim injunction as the defendants have not yet commenced their business under their trade name of "Rivertex".

[Plantiff's application allowed.]

Cases referred to:
Land Executive Committee of Federal Territory v. Syarikat Harper Gilfillan Berhad [1981] 1 MLJ 234
Excelsior Private Ltd. v. Excelsior Sport (S) Private Ltd. [1986] 1 MLJ 130

Legislation referred to:
Companies Act 1965, ss. 11(10), 22(1)
National Land Code 1965, s. 418

For the plaintiffs - V. Kandan (Michael Soo with him); M/s. Shearn Delamore & Co.
For the defendants - C. Das (John Mathew with him); M/s. Shook Lin & Bok

JUDGMENT

Siti Norma Yaakob J:

In this passing-off action, the only complaint of the plaintiffs is that the defendants have chosen a trade name which looks and sounds very similar to their own and they contend that such similarity is bound to deceive or cause confusion to the public into believing that the defendant's business is associated with or connected to their business and this will cause irreparable loss and damage to their goodwill and reputation.

At the outset, I need to point out that the section of the public to which the alleged deceit and confusion that will be felt is that section of the public who have dealings in the rubber industry as the parties to this suit are the manufacturers and dealers in rubber and rubber related products.

"Revertex" which is part of the plaintiffs' corporate name has been in use since 1930 and in addition, the 1st plaintiff, based in the United Kingdom, is also the registered proprietor of 2 trade marks known as "Revertex" and "Rivultex" since 1954. The 2nd plaintiff, incorporated in Malaysia on 28 December 1972 with an authorised capital of RM10 million, is the registered user of these 2 trade marks in Malaysia.

The 1st defendant was incorporated on 20 August 1988 with an authorised capital of RM2.5 million but it has not yet commenced its business of manufacturing concentrate latex and examination gloves as its 2 factories that will operate the defendants' principal activities, are at present under construction. Originally, it was intended to construct the 2 factories near the towns of Slim River and Trolak and apart from other considerations, it is the proximity of the 2 rivers that flow into these 2 towns, the Slim River and its tributary, Sungei Trolak that prompted the promoters of the 1st defendant, the 2nd - 4th defendants who are now the directors of the 1st defendant to choose a trade name by reference to the Slim River and the acronym "tex", being the last 3 letters of the word "latex", a practice commonly used by producers or manufacturers of rubber products when choosing their trade names.

Hence the 1st defendant came to be registered as "Slim Rivertex Sdn. Bhd.". Here I need to stress that the plaintiffs are not complaining of the use of the words "Slim River" or the acronym "tex" when used separately by itself but when these words are combined, as was done by the defendants in this case, to produce the word "Rivertex", the plaintiffs maintain that "Rivertex" bears a close resemblance to "Revertex". Neither is the plaintiffs complaining that the defendants be refrained from manufacturing or trading in rubber or rubber related products but on the contrary they are free to do so provided that they trade in a name that is not colourably confusing to the plaintiffs' own trade name.

As a first step towards preventing the defendants from trading under their business name with the word "Rivertex" as part of the 1st defendant's name, the plaintiffs have applied for an interim injunction pending the determination of a permanent injunction which is one of the prayers sought for in the statement of claim. This application is objected to by the defendants on the following grounds:

1. The wrong procedure has been adopted by the plaintiffs in filing this civil suit, consequent upon which this application for an interim injunction cannot be maintained.

2. Alternatively, the defendants are justified in their choice of a trade name as it is only a descriptive name for which the plaintiffs cannot claim a monopoly and that deceit or confusion will not arise as they do not trade in the same business.

The objection on jurisdiction stems from the initial steps taken by the plaintiffs to prevent the 1st defendant being registered with a trade name to include "Rivertex" as part of its corporate name. On 15 December 1988, the plaintiffs' solicitors had written to the Registrar of Companies (the Registrar) protesting to the 1st defendant's intention to register itself with the word "Rivertex" as part of its name as being colourably and confusingly similar to "Revertex". Moreover the defendants have contravened s. 22(1) Companies Act 1965 and the Regulations promulgated thereunder as they had not obtained the consent of the plaintiffs to the use of "Rivertex" as part of the 1st defendant's name. On these 2 grounds, the plaintiffs had requested the Registrar to refrain from registering the 1st defendant with its intended trade name and for that matter, any other company intending to use the words "Revertex" or "Rivertex" as part of its trade name.

After due consideration, the Registrar, in his letter dated 16 February 1989, rejected the plaintiffs' request and informed their solicitors that the name chosen by the 1st defendant does not cause confusion to the plaintiffs' own trade name. It was following this decision that the present suit was filed seeking principally a permanent injunction to prevent the defendants trading in a name which includes "Rivertex" as part of the 1st defendant's name and an enquiry as to damages for any loss of goodwill or reputation suffered by the plaintiffs.

It is the defendants' contention that by requesting the Registrar to refuse registration of the 1st defendant's trade name under s. 22(1) Companies Act 1965, the plaintiffs had acknowledged that the Registrar had the power to rectify a wrong done and when that request was rejected, the plaintiffs' only remedy is to appeal against the Registrar's order and for this they should have proceeded under s. 11(10) of the Companies Act, and in support of this proposition they rely on the decision of *Land Executive Committee of Federal Territory v. Syarikat Harper Gilfillan Berhad* [1981] 1 MLJ 234. That case decided that where a specific method of enforcing a right is provided for under a specific statute, that procedure must be followed and that no other Court has the jurisdiction to enforce the right. By failing to appeal against the Registrar's order under s. 11(10) of the Companies Act, the defendants maintain that the plaintiffs are debarred from bringing the present suit against the defendants and it follows that the application for this interim injunction cannot be entertained.

In the *Land Executive Committee's* case, the respondents, as the registered owners of 2 pieces of land, the use of which was limited to the planting of fruit trees, had applied to the Director of Lands & Mines for amalgamation and subdivision of part of their land on which was erected a block of flats for the purpose of effecting the sale of that part to some third parties. The respondents were however told that they need to apply for a change in the category of land use before their application for amalgamation and subdivision can be entertained. The respondents did not appeal against the Director's order but instead filed an originating summons for a declaration that upon the true construction of the provisions of the National Land Code, they were not required to apply for a change of category of land use prior to the application for amalgamation and subdivision. It was under these circumstances that the Court held that s. 418 of the Code makes a specific provision as to the procedure to be followed, in that any aggrieved party like the respondents, must appeal to the High Court against the Director's order and pursuant to that ruling, the Court held that it had no jurisdiction to entertain the originating summons.

Unlike the respondents in the *Land Executive Committee's* case, the plaintiffs had not sought to enforce any right before the Registrar and to that extent, there is no dispute between the plaintiffs and the Registrar. As such the plaintiffs cannot be regarded as the aggrieved party to which s. 11(10) of the Companies Act is applicable. The plaintiffs' dispute is only with the defendants and by writing to the Registrar objecting to the1st defendant's chosen name of "Rivertex" as part of its trade name, the plaintiffs were doing nothing more than to request the Registrar to use his good offices to deal with the matter amicably at that level, without the necessity of dragging the matter to Court. It was no more than just that and the plaintiffs do not have any other remedy under any statute to empower the Registrar to change his mind. Moreover the tort of passing-off of a trade name is an actionable wrong at common law and as such the plaintiffs have a cause of action at common law, to which the defendants cannot prevent them proceeding in the manner they had done and to that end, I hold that this Court has the jurisdiction to entertain this suit and this application for an interim injunction.

A number of cases were cited to me to show just how the Courts of different jurisdictions have, over the years, dealt with cases of passing-off involving trade names based on particular facts. I can do no better than to refer to a recent case nearer home, that of *Excelsior Private Ltd. v. Excelsior Sport (S) Private Ltd.* [1986] 1 MLJ 130 which defines the law on this subject as follows:

> The law relating to passing-off in relation to goods and to the passing-off of trade names is the same.

The ground of interference by the Courts in trade name cases is that the use of the defendant company's name is calculated to deceive or has deceived and so to divert business from the plaintiff to the defendant or occasioned a confusion between the 2 businesses.

In order to succeed, it is not necessary for the plaintiffs to prove fraudulent intention on the part of the defendants. Nor do the plaintiffs need to show actual deception.

The trade name will normally have attached to it a goodwill that the Courts will protect. If a trade name suggests that the defendant's business is an extension, branch or another agency of or otherwise connected with the plaintiff's business, an injunction will be granted.

Turning to the facts of this case, the plaintiffs have been trading under their trade name of "Revertex" for 59 years and it cannot be denied that the long usage backed by the documentary evidence all show that the plaintiffs had acquired a continuous goodwill and reputation and whilst their trade name may not be a household word like "Colgate" or "Fab", it is well known to the people connected in the rubber industry in this country and abroad.

From their humble beginnings of manufacturing and marketing a concentrate called "Revertex" made from natural rubber latex, they have expanded and diversified their activities to manufacturing and marketing various products like paints of all types and colours, carpets, rubber mats, floor tiles, adhesives, fabrics, shoes, toys, surgical examination and household gloves, baby teats and plastics of all kinds, car seats, fibre glass tanks and boats, artificial marble and clothings for both the home and oversea markets. Needless to say, with such varied and diversified activities, the plaintiffs have made considerable contributions to the economy of this country in terms of foreign exchange, employment opportunities in the rubber and related industries and investments.

Of the defendants' 2 factories, one will be utilised solely for the manufacture of concentrate latex which will then be used by the second factory which is now resited at Seberang Perai Industrial Estate in Penang, to manufacture examination gloves for export to oversea markets. Clearly the defendants' activities are identical to the plaintiffs' activities and this is all the more reason that the slightest resemblance in the trade names of the parties may create the confusion that the plaintiffs now seek to prevent from happening. Even before the incorporation of the 1st defendant, there is evidence to show that the plaintiffs' trade name "Revertex" has been misspelt as "Rivertex", the very same spelling which has been adopted by the defendants as part of their trade name.

The defendants have also maintained that the plaintiffs have no monopoly to the name "Revertex" as it is a descriptive name. As I have stated earlier, the plaintiffs had used the name "Revertex" for a good 59 years and their first product, the concentrate latex is also known as "Revertex". Except for the derivative "tex" which comes from "latex", the word "Revertex" in itself is not descriptive of anything. On the contrary, it must have been coined or invented by the plaintiffs themselves and to that extent, it is a fanciful name which under the law the plaintiffs are entitled to protect and monopolise.

In this respect, justification in the choice of a trade name has no bearing as to whether such a name can cause confusion to the members of the public who will be dealing with such a company. The test is whether in the choice of such a name resembling that of another existing entity, it will create the falsehood that the business of one is an extension or a branch of another or that they are somewhat connected.

On the facts of this case, it is not difficult to see that the words "Revertex" and "Rivertex", though spelt differently, bear a very close resemblance to each other especially in sound. The activities of both the plaintiffs and defendants are identical in that both manufacture

and sell concentrate latex and examination and surgical gloves, although in the case of the plaintiffs having been well established, they have diversified their rubber products beyond the manufacture of only examination and surgical gloves. Having traded as "Revertex" for the past 59 years, the plaintiffs have clearly shown that they have attained a goodwill and reputation which they must jealously protect. That protection must necessarily mean that they cannot allow any other party to trade in a name similar to their own trade name and since the word "Revertex" in itself is a fanciful name, the plaintiffs also have the added advantage of a monopoly to that name.

Under the circumstances of this case, I also consider that damages will not be an adequate remedy for the plaintiffs and the balance of convenience tilts in favour of the plaintiffs being granted the interim injunction as the defendants have not yet commenced their business under their trade name of "Rivertex" and this fact also works in favour of the plaintiffs in that the *status quo* of the parties should be maintained until the suit has been heard and determined.

For the reasons I have given, I allow the plaintiffs' application in terms of prayers 1, 2 and 4 with the usual undertaking as to damages to be given by the plaintiffs.

Also found at [1991] 1 CLJ 174